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MARKETING & MEDIA
DECISIONS

THE MOUSE ROARS

Once-dormant Disney is again being heard across all the media, thanks to Chairman/CEO Michael Eisner.

FOX TV'S SWITCH-ON

GOYA CROSSES BORDERS

MAGAZINE MERCHANDISING

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MARKETING & MEDIA DECISIONS

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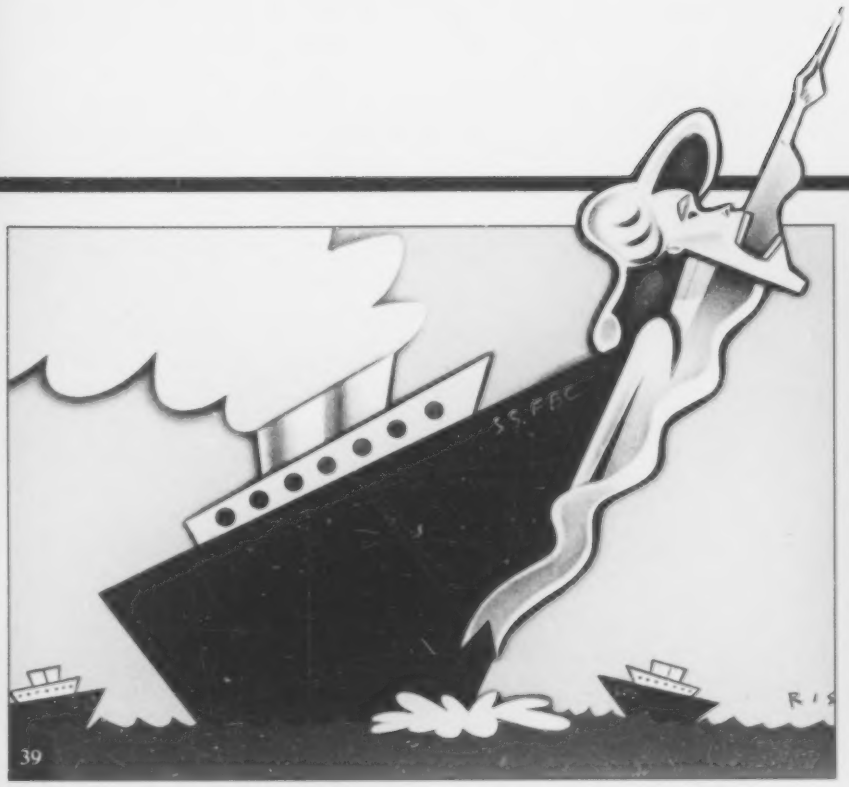
September 1986, Vol. 21, No. 10

Cover photograph by Michael O'Neill



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DIRECT MARKETING

by Rebecca Fannin

A HIT AT THE POSTBOX

The San Francisco Film Festival had been operating in the red for a number of years and was down to about 250 dues-paying members. That was before then-director Shelly Alexander turned to San Francisco-based direct marketers Cohn & Wells for help — please!

First the agency bombarded Alexander with questions about the organization, its background, demographics and long-term direction. The proposed solution that followed included a direct mail campaign offering memberships; a package of premiums with a total perceived value beyond the cost of membership; and a sweepstakes prize of a week for two at the London Film Festival. "It was specifically targeted to film buffs," Alexander points out.

The agency took the film festival membership and merchandised it as a product, rather than a service, with consumer-oriented benefits, explains agency partner, Martin Cohn. As part of the strategy, for example, the premium package included a film reference book, free passes to first-run film screenings, posters, special invitations and discounts.

In developing the package, the agency drew on Cohn's experience with arts membership campaigns. In 1974, Cohn masterminded the membership campaign of the Metropolitan Opera in New York City, doubling its roster of paying members. Cohn previously ran the San Francisco office of Ogilvy & Mather Direct and ran his own direct marketing agency before teaming up last year with partner Brad Wells to form their own agency. Wells' past includes posts at Young & Rubicam, BBDO, Ogilvy & Mather and at Avon Products, where he was director of advertising.

Cohn & Wells did their first mailing for the film festival last October. By mid-December, paid membership had jumped from about 250 to over 900. A second mailing increased membership to almost 1,500. This year should be the first time in years that it has operated in the black.

Cohn targeted film buffs.

The agency took the film festival membership and merchandised it as a product.

Wells' past includes an ad post with Avon Products.

TEACHING JAPAN A LESSON

The Japanese invasion may be old news, but the Orient has yet to tap wholeheartedly the practice of direct marketing. Don't let it be said, however, that the Japanese don't have a keen curiosity about this medium's functions.

Jonah Gitlitz, president of the Direct Marketing Association, reports that at least 100 Japanese businessmen come to the association's headquarters each year to observe, use the library, be briefed by the staff and meet with American direct marketers. Gitlitz observes that Japanese visitors vastly outnumber any single nationality among visitors to the office.

The DMA president made these remarks while in Tokyo during July in a speech before the Japan Direct Marketing Association. There, he explained how the association has dealt with such matters as slow delivery and non-delivery by the Postal Service, privacy of direct mailing lists and self-regulation programs to avoid governmental intervention. These programs, sponsored by the DMA, give consumers the opportunity to remove their names from lists maintained by telemarketers and direct mailers.

COEN'S CALL

Direct marketing is the fastest growing ad medium except for cable, says Robert J. Coen, senior vice president at McCann-Erickson, Inc., who recently updated his semi-

annual forecasts of media growth trends.

Coen notes that direct mail is increasing by 10% this year in comparison with 1985, outpacing total advertising revenue increases of approximately 8%. The medium shows further signs this year that it is far from reaching maturity. Revenues for the first quarter, according to his forecast, are up by 18%, compared with the same time period last year.

However, while volume is higher, the weight of the pieces being sent has actually dropped by 10%. Still, 8% more pieces are being mailed, Coen points out.

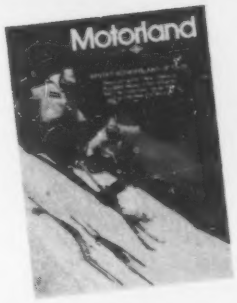
Commenting on the trends, Coen says much of the direct mail growth is coming from the highly competitive insurance field and credit card offers.

	1st Qtr '85	1st Qtr '86	% Change
	(000,000)	(000,000)	
Revenues	592	699	+18
Number of Pieces	6,753	7,267	+ 8
Number of Ounces	17,285	15,508	– 10

Source: McCann-Erickson

Motorland

Northern California's Showcase Magazine for Travel



Motorland represents a travel market that is, by any definition, far above the average in demographic excellence. Multiply this excellence by 1.6 million paid subscribers and it represents a level of efficiency and quality unequalled by any consumer magazine in the West.

The Motorland Market–Where The Money Is.

Californians make up 10 percent of America's population, earn nearly 12 percent of its income, account for 13 percent of its retail sales and spend nearly 15 percent of its travel dollars. And Northern California, Motorland's primary market area, is the richest half Per capita income in Northern California is nearly 19 percent higher than the state's average, and retail sales are 14 percent higher.

California's Best Prospects

	INDEX
Professional	193
Home value, $75,000+	292
Own passport	304
Took foreign air trip (past three years)	239
Own 2+ cars bought new	152
Stock Portfolio $50,000+	231

Source: 1984 MRI double base SF ADI

Your advertisement in **Motorland** works to produce travel sales regardless of destination whether by air, land or sea. **Motorland** subscribers represent 44 percent of all passport holders in the San Francisco ADI. They also account for more than 40 percent of all adults who took any domestic or foreign trips in the past three years.

Motorland Penetration of the San Francisco ADI:

Past Year:

Took 3+ domestic trips	38%
Took 3+ domestic air trips	45%
Spent 6+ nights in a hotel	47%
Have a T&E card	43%
Bought travelers checks	43%
Bought 35 mm film	44%

Source: 1984 MRI double base SF ADI

Clearly, **Motorland** is the magazine of choice when it comes to reaching important travel prospects. For a complete media kit or more information, call Keith Radcliffe, Advertising Manager, collect, at 415/565-2454.

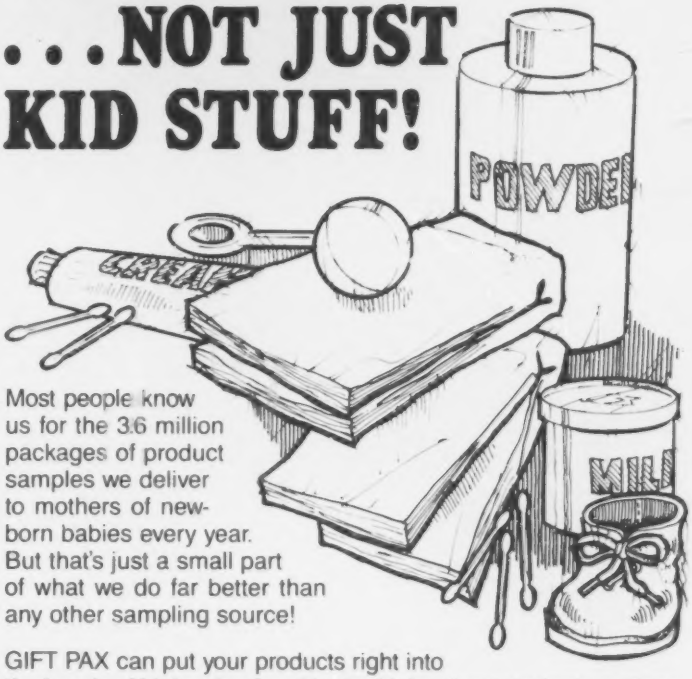
Motorland

TRAVEL AND NEWS MAGAZINE OF THE WESTERN MOTORIST

150 Van Ness Avenue, San Francisco, CA 94101

Member ABC Audit Bureau of Circulations

GIFT PAX ...NOT JUST KID STUFF!



Most people know us for the 3.6 million packages of product samples we deliver to mothers of newborn babies every year. But that's just a small part of what we do far better than any other sampling source!

GIFT PAX can put your products right into the hands of high school and junior high school students, college kids, newlyweds, mothers. . . even senior citizens. GIFT PAX gives you the broadest reach into each of these markets with 21½ million samples and superior control over distribution to assure you that your product samples get into the right hands (we even have a "big eight" accounting firm audit our delivery procedures!). At GIFT PAX we have our own employees insert and ship your samples from our own four distribution plants across the country, and GIFT PAX utilizes attractive and distinctive color packaging that make our boxes easy to inventory. . .and easy to take!

Make GIFT PAX a part of your next promotional plan.
Call TOM KELLY today. . .1-800-GIFTPAX.

In New York 516-485-0660

GIFT PAX
25 Hempstead Gardens Drive
West Hempstead, L.I., N.Y. 11552

#1 in Maine and Northern New England

166,000 weekday readers
211,000 weekend readers

Contact your Sawyer-Ferguson-Walker representative or call Roger Choquet at 1-207-942-4881.

Bangor Daily News
The Maine Choice.

Source: Belden Associates, Dallas, Texas, Oct.-Nov. 1984.

UPDATE

and former chairman of *Marketing & Media Decisions*, is up to these days, here's the scoop. Glenn, who created the American Values Center to research solutions to some of the country's most pressing social problems, has joined forces with two other public service groups to further the effort.

American Values, with Glenn as chairman and former Radio Advertising Bureau president Miles David as president, has teamed up with two Washington-based groups, Partnerships Data Net and Volunteer. The joint venture is now known as the Community Initiatives Network.

American Values will concentrate on gathering public service material broadcast or published by the media on how to cope with 20 critical social problems, while Partnerships Data Net will maintain an electronic data base and Volunteer will handle requests for materials.

200 UPDATES

Well, not exactly. But in our "Top 200 Brands" report in the July issue, crossed signals led to some outdated information. Below are the updates.

NUTRASWEET SWEETENER
(No. 68)
The NutraSweet Company
(Media investments are correct)

Marketing/brand management:
Exec vp, Joseph Morales
Category mgr, NutraSweet Dry Goods, Sue Treiber
Parent: Monsanto
Agency:
Ogilvy & Mather, Chicago
Sr vp, grp dir, Ian Miller
Vp, acct supr, Barb Elmendorf

MILTON BRADLEY GAMES
(No. 155)
Marketing/brand management:
Sr vp, sales, E. David Wilson
Sr vp, r&d, Michael Meyers
Sr vp, mktg, Lawrence Bernstein

BRAND REPORT

No. 136: Fruit Juices

SQUEEZING IN

by Carol Hall

A fierce fight is underway among marketers of branded, nationally recognized fruit juices. The prize, in industry lingo: share of bladder.

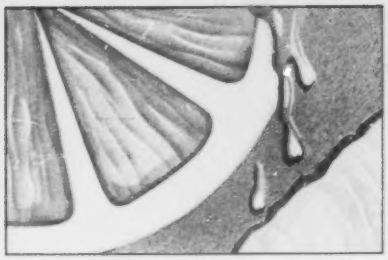
No wonder. The American consumer's thirst for fruit juices — beverages that are 100% juice and not, as in the case of a fruit "drink," only part juice — has more than doubled over the last two decades. While in 1964 the average consumer drank 3.5 gallons per capita per year, according to John C. Maxwell, an analyst with Furman Selz Dietz Mager & Birney, that consumer will down 7.2 gallons by the end of 1986. (That's off from the 8.1 gallons drunk in 1984, a drop largely due to

ILLUSTRATION BY JENNY ADAMS

Fruit Juices Media Expenditures for 1985 ($000)

BRAND	TOTAL	MAGS	NET TV	SPOT TV	NEWSPAPERS	SUNDAY MAGS	CABLE TV	OUTDOOR
CITRUS HILL	$ 15,004.0	–	$ 8,290.9	$ 6,372.9	–	–	$340.2	–
DOLE (pineapple)	81,345.7	35.7	–	–	81.3	–	–	–
MINUTE MAID (orange)	55,036.0	840.5	7,496.8	294.5	46.3	–	46.6	–
MOTT'S	2.3	–	–	2.3	–	–	–	–
OCEAN SPRAY (grapefruit)*	102,337.0	–	–	–	102.3	–	–	–
SENECA	2,916.7	948.2	–	148.6	1.8	–	–	–
TREE TOP	19,840.0	1,856.1	1,742.7	51.1	16.2	–	–	1.1
TROPICANA (orange)	260,552.3	590.8	–	8,282.7	251.6	92.1	–	–
WELCH'S GRAPE	215.7	191.4	21.0	3.3	–	–	–	–

Source: Leading National Advertisers; Newspaper figures compiled by Media Records *LNA breakdown not available



supply-related price fluctuations.)

"To the year 2000, juices and soft drinks are really the only two beverage categories expected to grow significantly," predicts Gary Hess, group general manager for Campbell Soup Co., marketer of a juice blend line. He says the most growth will come in the soft drinks category, but "one reason for drinks' growth will be juices."

Says John D. Stacy, a beverage marketing consultant, "The fruit juice idea is present in just about anything you eat or drink — ice cream, soft drinks, ices, pies, cookies, etc. That's a hell of a power." The result is a juice industry that has grown from $1.2 billion in 1972 to $4.1 billion by 1984, according to Business Trends Analysts, a market research firm. Estimates of its current revenues range all the way from about $4.5 billion to $8 billion. BTA projects juice will be an $11 billion market by 1994. Juice is consumed by over 95% of all American households, and nearly 90% of all juice sold is either orange, apple, grapefruit or grape.

The effort on the part of marketers to slake the growing thirst for juice is slowly changing the profile of the industry. Indeed, well over 50% of the business is still in the hands of regional companies that market private label or store brands that sell in a few states. But more and more mega-marketers are getting into the act, populating juice categories with more national and near-national brands. By doing this, they are not only covering more territory with a label, they are gradually taking juices out of the "commodity" realm and giving them brand identities.

The presence of big corporations — most noticeably Coca-Cola Foods, Procter & Gamble Co. and Beatrice Companies Inc., which compete in the the industry's largest segment, orange juice — has intensified competition in most categories and sent advertising expenditures soaring. According to Leading National Advertisers, ad investments between 1978 and 1983 went from $31.2 million to $76.6 million, respectively (as of 1984, LNA combines fruit juice and drink figures). Media Records reports a spending total of $651,540 for the brands profiled below, but observers suspect this understates the case, especially when co-op dollars are included. Increased advertising, coupled with the popularity of 100% juices, makes the industry's growth prospects look sweet indeed.

The market for juices has steadily grown for well over a decade for a host

Beatrice: king of the chilled juices.

of reasons. Perhaps most important is the country's increasing health and fitness consciousness. One result of this, declining alcohol consumption, has meant a boost for the juice industry as more people have juice at cocktail time.

In the beverage sector, the health kick has not only fueled the growth of 100% juices, but is a factor in the explosive growth in the juice-added soda category, as well as in juice drinks. The latter, referred to as "bellywash" by the industry for years, seems to have gotten a new lease on life by upping the juice content of its mixtures. But three times as much pure juice is consumed than juice drink.

Yet in many respects juice's success is a packaging story. For years, juice was sold primarily in bottles, cans and in frozen concentrate form. But in the 1970's juice consumers' lifestyles began to change. As more households saw both parents going off to work, marketers realized they could sell more juice by making it easier to serve. In the 1970's, ready-to-serve orange juice made a splash in the marketplace in gable-top (as in the gables on the roofline of a house) cartons made of treated paper.

This now-familiar packaging concept has almost overtaken long-dominant frozen concentrate in the OJ category, for instance. The fact that frozen juice has to be thawed and mixed with water before it can be consumed seems to be turning off convenience-oriented shoppers. (Business Trends Analysts estimates that frozen concentrated juices will contribute 30% of the category's revenues by 1994, down from 39% in 1983.) And gable-top containers not only boosted orange juice sales but, as different sized cartons are introduced, is helping sales in other juice categories too.

But ask juice marketers what the *real* packaging success of the industry has been and chances are they'll blurt "aseptics" before the end of the question. Since their introduction in 1981, the "paper-bottles" have done what some considered the impossible. Aseptics have brought the single-serving idea alive for the juice market and, by making juice more portable and convenient to drink, actually expanded the list of consumption opportunities in people's minds. Juice now gets taken along on hikes, gets packed into more lunchboxes and gets picked up for snacks. They've also made it easier for juice marketers to increase sales through food vendors as well as vending machines.

Recently introduced styrofoam-wrapped 10-ounce glass bottles are taking the single-serving concept in another direction. They are meeting with some success in the marketplace but are still only used by a handful of marketers.

Another boon to the industry has been the introduction of beverages that are a blend of 100% fruit juices. The blend market itself has grown impressively — making its debut in 1975, it had grown to a $76 million market by June of 1984, and up again to a $135 million one by June of 1985, according to Selling Areas Marketing Inc. Its

growth was helped both by the introduction of aseptics as well as by the simple fact that more marketers jumped on the blend bandwagon in the 1980's. The variety of flavors appeals to consumers and the ability to play around with the taste — but still market a 100% juice product — appeals strongly to manufacturers.

Though juice consumption has shown an overall increase, the market has had intermittent ups and downs. Per-capita consumption for 1984 was 8.1 gallons, versus 1985's total of 7.3. Such dips have mostly been the result of price fluctuations caused largely by supply problems — the devastating 1983 freeze in Florida, for instance. "I'm still a long-term bull on juices," proclaims John Maxwell. "The problem is the cost of the commodity," he explains.

He and others are firm in their conviction that fruit juice will be a market force for decades to come. Despite consumers' healthy leanings and industry packaging innovations, population trends are in the industry's favor. One of its biggest consumer segments

Fruit juice will be a market force for decades to come.

is children. The Census Bureau projects that by 1990, the number of children under the age of five years will grow by 1 million little mouths; the 5-13 year age group will swell by 5 million by 1995. And on the other end of the spectrum, the number of elderly people — also a big part of the juice-drinking constituency — is steadily increasing.

ORANGE JUICE

Orange juice: "That's the locomotive," says beverage consultant John Stacy. Indeed it is. According to National Panel Diary, 95% of all American households buy juice of some kind at least once a year and orange juice makes it into a whopping average 84% of those homes. And despite Florida Department of Citrus's 1970's ads that insisted "Orange juice isn't just for breakfast anymore," most of it — 88% — is still gulped down at breakfast.

In 1985, the Florida Department of Citrus shows, orange juice registered a record $3.1 billion in total revenues. According to the FDC, orange juice claims a 56% chunk of total pure juice sales. That's down quite a bit from a 65% share in 1980, due mainly to price fluctuations and increased competition from other juice categories (primarily apple) and juice drinks.

There's also something of a packaging war going on in this category. No doubt about it, chilled ready-to-serve orange juice is more convenient. That, coupled with the fact that its price has been falling, lessening its cost difference with frozen concentrate, have meant that it's catching up in sales. While frozen still holds the day with

On which side of the bay is your bread buttered?

Photo location courtesy Arthur Rutenberg Homes

The Tampa Tribune serves appetizing demographics daily and Sunday. Your advertising profits from the Tribune's elegant presentation of the basic ingredients of sophisticated selling. The Tampa Bay market — Florida's number one market in terms of population, households and effective buying income,serves you prospects on a silver platter.

The Tampa Tribune's readership represents a gourmet palate to the astute media buyer, offering more 25-54 year old readers, more readers in top level occupations, more households with children, more new car buyers, home computer owners and more households with $50,000+ annual incomes than any daily newspaper combination in the market.

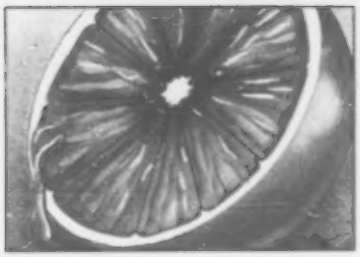
The upper crust of the Tampa Bay market reads The Tampa Tribune. Without it, your media strategy is only half-baked.

For a wealth of detailed market information, contact Joe Gess, Tampa Tribune General Advertising Manager, at (813) 272-7447, or contact your nearest Sawyer-Ferguson-Walker office.

THE TAMPA TRIBUNE

A Media General Newspaper
Member of the Gannett 4-Color Network

The Tampa Bay market consists of Hillsborough, Pasco, Hernando and Pinellas counties. Statistical sources: SAMM 1986 SURVEY OF BUYING POWER ; Simmons-Scarborough National Newspaper Rating Study, 1985



over 50% of orange juice sales, industry estimates predict r-t-s will outsell its rival in the near future.

Though sales of orange juice have, on the whole, remained stable for the last five to six years, sales of branded juices have ballooned. Minute Maid has lorded it over the OJ category and its only other large-scale competitor, Tropicana, with the dominant market share for a number of years. But late in 1983, Procter & Gamble lit a fire under the OJ segment with the introduction of the third national brand, Citrus Hill. Competition has been bubbling ever since and ad expenditures, the likes of which this business has never seen, are becoming commonplace.

Before Citrus Hill rolled out, most orange juice advertising was done by the Florida Department of Citrus. The brands largely put money behind promotional efforts. In 1980, for instance, FDC spent $15.1 million on OJ ads, 55% of the total expenditures of $27.3 million, according to the organization. In 1985, total OJ dollars rose to $55.6 million, 58.6% of that coming from the three big brands alone and the FDC accounting for 32% .

In terms of total sales, Coca-Cola Foods' **Minute Maid** orange juice dominates the market with a 21% share. Its frozen variety, which is marketed in three forms (regular, Country Style with added orange particles and the sweeter reduced-acid variety) commands a 25% share of all frozen OJ sales, according to A.C. Nielsen Co. figures. Its ready-to-serve juice, sold in cartons, holds sway over nearly 17% of the refrigerator section sales. Coke doesn't market OJ in bottles, a segment with declining sales, but does sell Minute Maid in aseptic packages.

"We see the orange juice business as very dynamic and rapidly growing.

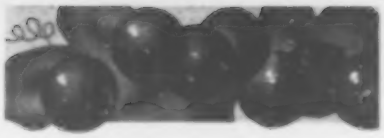
P&G is under fire for this OJ ad.

When you've been around 60 years, people read your Opinion.

The research data we have is simply showing everything going up," boasts John Youngjohn, Coke's director of marketing/orange juice strategy and business planning. His enthusiasm's backed up by a 4% sales rise for Minute Maid orange juice last year over 1984.

And he makes this claim despite what he acknowledges were five years of gains and losses for OJ that translated into an essentially flat growth pattern. "The flatness was entirely supply-related," he explains, referring to the Florida freezes that occurred during that time. "Now that the supply problem seems to be behind us for the foreseeable future, things are looking real good." U.S. marketers have greatly increased their purchases and dependence on foreign orange crops, especially Brazil's, importing over 50% of the orange juice sold in the U.S.

The company, which is readying a second group of Minute Maid spots featuring actor Richard Thomas and his family, says a $12 million ad expenditure figure is "in the ballpark" for this year. At press time, the new campaign



Coke vs. P&G: "... we have to defend ourselves against this kind of activity."

was scheduled to break in late summer or early fall. Thomas has been a spokesman for the brand since December 1984.

Media buys, says a company spokeswoman, are exclusively national tv, with no spot buys in the mix. Tv buys are made in day and evening prime time parts. The brand sponsors very few print ads; those that run are geared to special promotions, such as a back-to-school pitch, or tie-ins with other products. Outdoor buys are rare and the few radio spots run are also tied to special promotions.

Coke is also making waves in the OJ market with something other than the usual marketing techniques. This past July it filed suit against Procter & Gamble charging that a claim P&G makes in its tv ads is "false and misleading." A line in the jingle for Citrus Hill orange juice says the juice is made from the "heart of the orange"; Coke says that implies Citrus Hill is different from other OJ and that P&G discards part of the orange other companies don't.

"We have no intent to harm or damage any competitors in the marketplace," explains Youngjohn. "But," he continues, "if they run a commercial with statements that are inconsistent with the facts and the result of that is that they sell orange juice, then we have to defend ourselves against that kind of activity."

According to a P&G spokesman, the company is not planning to stop using the 18-month-old Citrus Hill campaign.

coming soon

LOS VECINOS
OUR NEW WEEKLY
LOOK FOR IT
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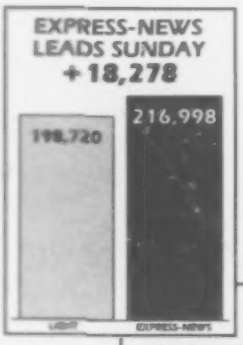
Latest Audit Bureau of Circulations (ABC) Audit Report verifies Express-News lead over the Light.



Audited figures just released from ABC for the twelve month period ending September 30, 1985, shows The Express-News to lead the Light by 30,207 copies daily and 18,278 copies on Sunday. We also lead the Light on Saturday by 7,590 copies or 166,184 to 158,594. Solid proof that the Express-News is the number one newspaper in San Antonio and South Texas.

SOURCE: ABC Audit Reports for Express-News and Light, 9-30-85. Calculations by Express-News Research Dept.

Express-News
San Antonio's Quality Newspaper

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Represented Nationally by Branham Newspaper Sales

Beatrice's **Tropicana** brand is given a 16% share of the total market by industry insiders. It does, however, rule the refrigerated section with a nearly 30% share.

Tropicana is marketed in glass containers and gable-top cartons. The brand also comes in a regular juice and "pure premium" form. The latter's marketing angle: It is not made from orange juice concentrate but is, according to the company, undiluted squeezed juice. The premium line is only sold east of the Mississippi River due to shipping limitations.

The company's ad pitches target roughly the same group of consumers not only the other orange juice marketers do, but the same group most juice marketers in general try to reach. Women, especially those in the 25 to 49 year-old range and those with young children, are by far the primary purchasers of juices. (The percentages are, however, more evenly split when it comes to drinking orange juice, kids and men holding their own in terms of actual consumption.)

The company's "Squeeze me a glass of Tropicana" slogan was retired about a year ago and a new campaign is set to launch soon. "Feel the freshness, it's pure Tropicana" is a slogan Beatrice thinks communicates this fresh-squeezed idea better.

According to Peter Reijula, Tropicana's marketing manager, ad expenditures will rise this year at least to match media price increases, maybe more. "We want to stay strong when the market is expanding," says Reijula. "It would be foolish not to defend our position." He says ad expenditures will total between $10 million and $20 million for 1986.

Media buys will be primarily spot tv in the morning news slots, a small amount of daytime, and evening news shows. Tropicana does some limited print buying: Sunday supplements, consumer magazines and trade publications. Tropicana also does a small amount of outdoor advertising.

Third-ranked **Citrus Hill** is credited with an 8% total share of the OJ market by industry observers. According to Nielsen figures, the P&G brand has a 6.9% share of the frozen category and 8.4% of the chilled (where it's sold in cartons). However, the breakdown of the brand's sales, says a spokesman, are 55% frozen, 45% chilled. P&G has opted for the strictly premium route with the brand, having replaced the original Citrus Hill regular with Citrus Hill Select as of July 1985.

According to P&G, advertising expenditures for 1986 exceed $15 million, quite a difference from the rumored $100 million spent on the national roll out in 1983. The ad themes have changed since then, too. Having dropped ads that featured the orange grower "Luke," the new campaign promises "Citrus Hill gets your juices flowing."

Women 25-49 with young children are the primary purchasers of juices.

Dollars are mostly channeled to television, both spot and network buys, and put into morning news, day and nighttime slots. The brand is strongly supported with couponing, but no straight print advertising is done.

Business Trends Analysts says P&G may be working on a 100% orange juice that is low in calories due to the elimination of natural fruit sugars.

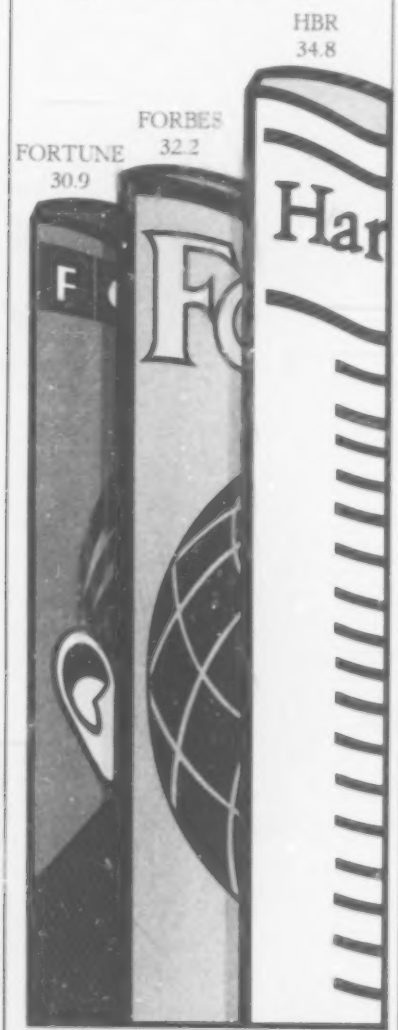
APPLE JUICE

A lot of apple juice's consumer group can barely toddle, much less walk.

Though primary purchasers of the

LEAD STORY.

Here's one for the books. Mendelsohn reports that for every advertising dollar spent, HBR delivers more affluent executive, managerial and administrative adults than Forbes or Fortune. If you want to reach the people at the top, reach for the Review.



Executive, Managerial, Administrative Adults
Readers per $/4-color Source: MMR 1985 (1986 rates)

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juice are women with young children (pediatricians often recommend it as a good drink for infants), 40% of it is gulped by kids under six years old, 12% by children between 7 and 12 years. No doubt the increasing number of births is one reason for the increase in apple juice sales.

Between 1977 and 1982, the size of the category doubled. In 1980, apple juice accounted for 11% of all juice volume sold. By 1985, that share had grown to 17%. Sales volume currently stands at about $1 billion. The recent growth was due to the jump in orange juice prices, the industry's relatively widespread use of aspetic packaging and apple juice's perceived health benefits.

Though the category's growth rate has slowed somewhat, it still shows about a 3% rise each year. Jim Follett, marketing manager/apple-based juices at Mott's USA, says more growth may be had from further packaging innovations, such as larger aseptics and plastic bottles. But, says Follett, "I don't think there's another aspetic [bonanza] down the road." He also says, "In the past [the industry] tried to grow the user universe by getting more adults to drink it, but I don't think that'll happen." Some adults, he says, don't like the sweetness, think the healthy-for-you claims are overstated and don't perceive it as a diet drink.

Tree Top Inc.'s director of marketing, Bonnie Peterson, acknowledges the leveling of sales but doesn't think they will decline. "This is not a fad. Our industry is at an all-time high and I think it will stay there."

She does, however, think the industry needs to increase marketing efforts. "There are not enough dollars directed at consumers. We need more advertising not only because of [intra-category] competition, but because consumers are confused about what's 100% juice and what's not," she says, referring to juice drinks. Follett also thinks more money needs to be put behind advertising. But, he notes, "We can't afford it. You have to spend about 80% of your money on the trade and the rest on promotions — there's no money left over for media."

As with orange juice, a large portion (31%) of households that buy apple juice tend to earn $40,000 plus. Unlike OJ, however, apple juice is a bigger seller with bigger households.

Though the apple juice category has its own national branded leaders, the "national" is hazier in this case because each brand has such distinct regional strengths.

Tree Top: Trying to grow nationally.

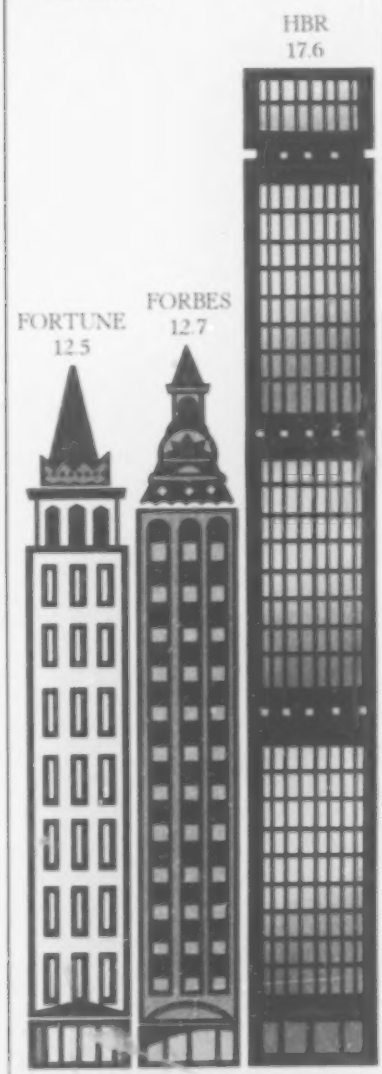
Tree Top's brand leads the pack with a share the company puts at 20%, but observers cite as about 12%. The brand is strongest in the U.S. West.

To strengthen its presence in other markets, the company began advertising nationally on tv in 1984, the same year it launched a line of 100% juice blends. According to Bonnie Peterson, Tree Top is spending in the range of $3-to-$4 million on ads in 1986. Print buys are largely in the "Seven Sisters" women's service magazines. Television buys target women 25-44 years old and mainly consist of daytime slots. The "Tree Top your day" slogan has been used since 1984.

Cadbury-Schweppes subsidiary **Mott's** USA (formerly Duffy-Mott) is a strong seller in the North and Southeast, as well as the Midwest. The brand

SKY HIGH.

The one publication read by more affluent professional/managerial men in companies with more than 1,000 employees isn't Forbes or Fortune. It's HBR. If you want to reach the people at the top, reach for the Review.



Men, Professional/Managerial, 1,000+ Employees
Readers per $/4-color. Source: MMR 1985 (1986 rates)

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holds a 10% share of the apple juice market.

Though the brand is aiming to boost sales in the West, especially in California, it is doing no advertising currently and did very little last year. A budget of $2 million to $3 million for 1986 is going entirely towards free-standing inserts. According to Jim Follett, the company probably won't advertise the brand in the foreseeable future. "The role of advertising (for Mott's) at this stage is unclear."

Third-ranked **Seneca** brand, from S.S. Pierce Co., has an approximate 7% share, according to estimates. According to Leading National Advertisers the brand, which has strongest sales on the East Coast, spent under $2 million advertising it in 1985.

GRAPEFRUIT JUICE

Holding down a 5% share of juice volume, grapefruit juice marketers have witnessed something of a conundrum in terms of their product's consumption patterns. While overall consumption has declined slightly since 1980, the households that still buy grapefruit juice seem to be buying more of it, according to the Florida Department of Citrus. Grapefruit juice's tartness is something of a handicap. It's hard for the category to draw converts and once consumers stop drinking it, research shows they rarely start again. There is some speculation that the decline is due to reduced purchases on the part of the juice's non-white consumers. In 1985, of the 95% of U.S. households that buy juice, 27% buy grapefruit.

As of three years ago, private label grapefruit juice accounted for about 60% of the gallons sold. However, the presence of brands in general in the category is growing. According to one industry player, there are no truly national brands of grapefruit juice.

The top-selling brand, **Ocean Spray**, accounts for a nearly 30% market share. Though the company's name is what consumers usually associate it with — Ocean Spray Cranberries Inc. — it has been in the grapefruit juice business for nine years. According to Ocean Spray's manager of business operations, Kevin Murphy, the brand's rise to the top "is a Cinderella story."

Ocean Spray, says Murphy, followed that increasingly familiar and successful strategy in the juice market: It aimed to boost its juice above the commodity level. The company raised the price of its brand and, wisely, decided to market it in non-refrigerated bottles. Not only did the company avoid the trouble and expense of securing coveted shelf space in refrigerator cases, it was able to expand its already sizable presence on the dry-goods shelves.

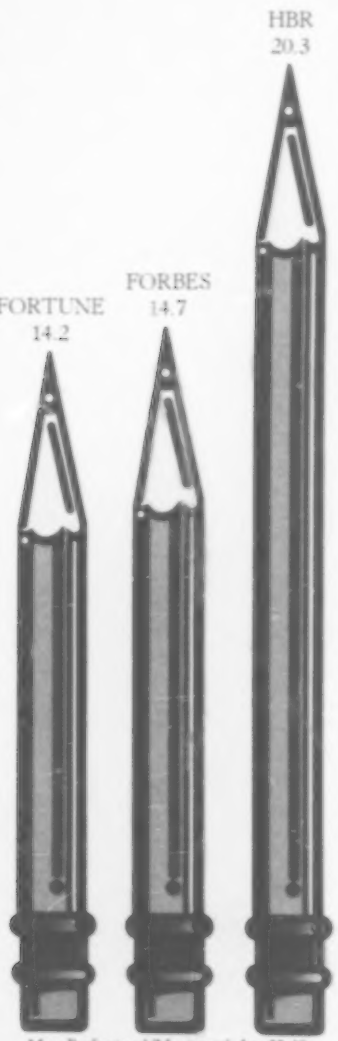
Ocean Spray: more than cranberries.

It also backed its grapefruit juice — yes, *grapefruit* juice — with advertising. It was a category in which, "no one was spending money against the consumer. We were hollering in a vacuum." Ad expenditures are currently in the neighborhood of $12 million for the brand, most of that going to spot television.

Though grapefruit juice consump-

TAKE NOTE.

Mendelsohn points out that for every advertising dollar, HBR delivers more affluent professional/managerial men aged 35-49 than Forbes or Fortune. If you want to reach the people at the top, reach for the Review.



Men, Professional/Managerial, Age 35-49
Readers per $/4-color Source: MMR 1985 (1986 rates)

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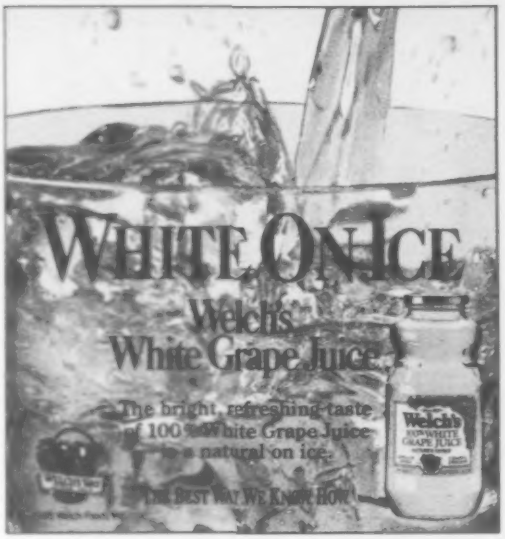
tion is 50/50 male-female, women are the target of the company's pitches. A large percentage of the tv buys is in daytime slots. And though Ocean Spray has achieved about 70% national distribution, it covers just about 60% of the country with tv spot buys. It puts less emphasis on the Northeast, where the brand is already strong.

According to Murphy, 75% of the advertising budget goes to tv, the rest to print and consumer-oriented promotions.

Tropicana and **Minute Maid** are gaining in strength in the grapefruit juice category, but both have limited distribution relative to Ocean Spray.



Welch's owns the grape juice market.

GRAPE JUICE

Grape juice, a $145 million category also credited with a 5% share of juice sales in terms of volume, has long been a one-brand category, property of Welch Foods Inc. Its **Welch's** juice — in red, white and purple grape juice varieties—compete largely against private-label grape juices and non-citrus juices such as apple.

According to a Welch's spokesman, the category "showed good growth until about two years ago, when other juice products came onto the market." He refers mainly to the increased number of blended juice lines, one of which is a relatively new Welch line. In addition, price fluctuations in other juice categories tend to show up in sales of grape juice, it being the most expensive of the lot.

The spokesman says Leading National Advertisers figure of $3 million for ad expenditures is "far too low." Media buys include some tv, both spot and national, in early news, daytime, prime time and late fringe. Magazine buys depend on the type of juice advertised but cover a range of publications, including the "Seven Sisters," *People* and more upscale books like *Bon Appetit*. Some radio buys are also made for the brand in addition to a good deal of run-of-press in newspapers.

PINEAPPLE JUICE

Pineapple juice's share of the juice industry is about 3%. Though it's been on the market for years, sales growth has been somewhat hampered by a couple of factors.

Until recently, pineapple juice has only been available in cans. Consumers tend to find them clunky and dislike the tinny taste they sometimes impart to the juice. (Glass-jar containers, common in other categories, have been slow in coming for pineapple juice due to certain shelf-stability problems. Currently being developed, glass jars may help the industry get away from metal cans, yet hold onto its grocery-shelf turf.) In addition, canned pineapple juice's extreme sweetness has had less and less appeal to diet-conscious consumers over time.

Though Minute Maid has marketed a frozen pineapple juice for a number of years, Castle & Cooke Foods' **Dole** recently got into the act with a version of its own. The marketing dollars it is putting behind its not-yet-national frozen juice, as well as the juice's less syrupy formula, may help boost sales

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3, 4	New York • Marriott Marquis
5, 6	San Francisco • Ramada Renaissance
12, 13	Minneapolis • Northstar-An Omni Hotel
*18, 19, 20	Dallas • The Registry Hotel
DECEMBER	
*2, 3, 4	Chicago • Hyatt Regency
10, 11	Seattle • Stouffer Madison Hotel

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in this sector.

Though pineapple juice is essentially a two-brand category, Dole is credited with over 50% market share, giving it about a 2-to-1 lead over Nabisco Brands Inc.'s **Del Monte** line. Del Monte isn't doing any advertising currently.

Dole is putting most of its ad dollars — in the $3 million range for 1986 — behind its frozen line as well as its new gable-top ready-to-serve line. The company now has space on the "dry" shelves, but also in the freezer and refrigerator sections, too. The campaign aims to position pineapple juice as a breakfast drink competitive with orange juice. Perhaps to make the trial of the frozen form easier to get, Dole is also marketing pineapple-orange and pineapple-grapefruit blends. The company says the frozen's target users are more upscale than canned pineapple juice drinkers. Tv media buys will be all spot until the line goes national by the end of 1987. Print advertising, which began for the line this summer, is concentrated in the regional buys in the West.

JUICE BLENDS

Though 100% juice blends still only account for about 3% of sales in the industry, they've attracted a great deal of attention from marketers because of their near-instant popularity with consumers. Most large-size juice marketers have added at least of couple of blend items to their lines.

Firm statistics for the segment are hard to come by due to the newness of the category, highly regionalized nature of the business and fierce competition among its players. Nestle's **Juicy Juice** is considered by most to be the market leader with a 30% to 40% share. Second-ranked Tree Top, with its **Fruit 'n . . .** (orange, e.g.) line, holds a 15% to 20% share, followed by Welch's **Orchard Blend** juices with a 15% share, according to observers. **Juice Works,** from Campbell Soup, is credited with a 5%-8% share of the blend market. ■

Blends are a hit with both marketers and consumers.

HANDLE WITH CARE

MERCHANDISING: ADDED VALUE

In the world of magazine publishing, business-to-business publications are the ones I know best. Today, they face increasing competition for their historical share of the advertising dollars spent to reach business and industrial customers. Before they succumb to the pressures of "going off the rate card," they ought to reposition themselves to aggressively sell their value-add services: information and merchandising. Both are unique to this print medium.

The need for advertisers and their agencies to better leverage their budgets has become essential. Four major factors drive that need:

1. Lower inflation and stiffer offshore competition have restricted or eliminated manufacturers' product price increases.

2. Media options have increased exponentially. It is now possible to reach business customers efficiently with cable, newsweeklies, regional magazines, targeted newspaper and telemarketing, as well as through network, spot and syndicated broadcast.

3. At the same time, the number of business-to-business publications has increased. The BPAA lists 1,201 audited publications in June 1986, up from 960 just three years ago.

4. Most advertising budgets have remained fairly constant in the same period.

The increasing number of in-house media departments, greater use of outside buying services and the consolidation of the number of agencies serving advertisers are testimony to the imperative to develop that leverage through greater critical mass.

Faced with this situation, business-to-business publications are being pressured to cut rates in order to retain the business. A better option has been available all along. It now needs to be perceived as added value, both by the publication and by the advertiser.

Information — Within the files of each publication, there exists a wealth of industry information. Circulation by name, title and function; industry history, sales, forecasts and trends; buyers, influencers; prior research and share of voice by competition are all there. Publications have it. Competitive media do not. Providing the information in usable form to advertisers can save them hours of time and great amounts of money. This information can add value enough to justify the rate card to a savvy marketer.

Merchandising — While most publications offer merchandising in exchange for advertising, the benefits are not communicated very well by their representatives. A more structured approach is needed. The publication's rep must take the time to understand the advertiser's objectives and strategies before offering merchandising tactics that contribute to the marketing plan. Printing of sales literature on available presses, special research, editorial consultation, speeches at sales meetings and space credits over and above the frequency discounts can all add value to the advertising purchase.

The old but obvious truth is today's imperative, whether for b-to-b or consumer publications. Provide better service to your customer than your competitor does and lowest cost no longer is the buyer's first consideration.

Karl E. Kaufmann is manager, corporate marketing communications/3M and immediate past chairman of Business Publications Audit.

OUR READERS TELL US . . .

Give the people what they want. An easy enough rule, but when it comes to merchandising, opinion is divided on how much and what kind of plans to offer. In fact, some say they don't want merchandising at all. Research USA, Chicago, went to our readers and collected a sample of their sentiments.

1. For which type of company do you work? (Base = 113)
   Ad agency: 64
   Product/services marketer: 49

2. Do you regard merchandising as a viable means of stretching the power of an advertising dollar?
   Yes: 95.6%
   No: 4.4%

3. Are you satisfied with the types of merchandising supports publishers currently offer?
   Yes: 19.5%
   No: 79.6% (no answer: 0.9%)

If "No," is it effective for you to put together your own merchandising campaign for the publisher to execute?
   Yes: 76.7%
   No: 22.2% (no answer: 1.1%)

4. What types of extra merchandising support need to be offered:
   a) More reprints of ads to be sent to suppliers: 30.1%
   b) Such tokens as key rings to boost company's sales forces: 15.9%
   c) Magazine co-sponsored trade shows and exhibitions: 43.4%

POLL

NOTHING'S FOR NOTHING

To paraphrase Ralph Waldo Emerson's classic essay "Compensation," there are no free lunches. And I'm reasonably confident that if Emerson were alive today he would caution advertisers that merchandising has its compensating costs — costs that are not only monetary, but also inefficient and potentially destructive to the magazine industry.

Typically, when the marketing and financial people of a publication are determining advertising rates, some of the key factors influencing their decision are CPM, rate base, production costs, overhead, editorial costs and sales costs. Added to the equation is estimated page production. If these departments are adept in their analysis and forecasting of these factors, an accurate income projection then becomes possible.

The magazine's finance department will generally consider merchandising a sales cost, and will probably allocate a specified percentage of ad sales as permissible. For example, a magazine producing $20 million in ad revenue might consider 1%-2%, or $200,000 to $400,000, as allowable. Now what happens when our enthusiastic marketing or sales department suggests a higher allowance, say 5%? All of a sudden the merchandising allowance has risen to $1 million, and profits have eroded by $600,000 ($1 million-$400,000).

To find the compensating revenue to relieve this shortfall, logic dictates a higher charge per page. This increased rate will come directly from the pockets of the advertiser.

Presumably, editors and publishers, respectively, are experts in producing a quality editorial product and in selling the advertiser on the merits of investing within this favorable psychographic and demographic environment to successfully pitch their product. Doesn't it make good sense for advertisers to spend their money where we know how best to apply it?

Before I proceed, allow me to state that I am not opposed to sensible merchandising. I believe that it can be productive and beneficial. For example, if a financial publication has a bank as an advertiser, I believe it totally appropriate for the magazine to offer a device which calculates future values of IRA's. This helps the bank attract new customers, and provides customers with a useful tool.

But when such tactics get out of control, the costs go beyond money and efficiency to threaten the magazine medium itself. Excessive merchandising is nothing more than blatant cutting of rates, perhaps the most important issue we will face in the next few years. It is dangerous because it allows those with the threat of inferior market positions to compete underhandedly behind the scenes on the basis of lower costs. The short-term solutions of our own constituency will harm us all. Many of us realize that to maintain the high quality products we have, we must also maintain our profit margins.

What then do we do when someone asks us, "What else can you offer me?" I suggest you do what a new friend of mine, a publisher of a large circulation magazine, does. He holds up his rate card and exclaims, "I offer you good value, at fair rates, in a quality publication!"

Kenneth D. Sgro, former vp/finance, was named president of Venture *magazine in December 1985.*

d) Point of purchase displays: 56.6%

e) Contests with prizes for the magazine readership: 33.6%

f) Contests with prizes for the company's sales force: 57.5%

5. Do merchandising programs benefit the publication more than the advertiser?
Yes: 34.5%
No: 49.6% (other: 15.9%)

6. Have rate increases reached the point where publications must offer more merchandising support?
Yes: 57.3%
No: 36.5% (other: 6.2%)

7. Is merchandising valuable enough to offset the dollars of a rate increase?
Yes: 15.9%
No: 81.4% (other: 2.7%)

8. Do ads get better response when sent out as reprints in a merchandising effort?
Yes: 43.4%
No: 38.9% (other: 17.7%)

9. Does merchandising create undue work for the agency?
Yes: 23.0%
No: 69.9% (other: 7.1%)

10. Is merchandising flexibility a criterion for picking magazines to put on your schedule?
Yes: 44.2%
No: 53.1% (other: 2.7%)

ECONOMIC EYE

By James B. Kobak

FOCUS ON BUSINESS MAGAZINES

In this special report, magazine consultant James Kobak shares his perspective on business publications and their ad rates.

There are about 270 more business magazine titles in Standard Rate & Data now than a year ago — 410 started and 140 deleted. In fact, this is the biggest gain in many years.

Advertising pages grew by some 2% in 1985 and are showing strength in the current year.

Advertising dollars grew at about 6% in 1985 and are expected to be as strong again this year.

Business magazine advertising prices rose some 7% in 1985. A similar increase is expected in 1986. Overall, ad rates have lagged behind the standard economic indexes (see "Rate Index" chart). Circulation prices continue to escalate, but income from circulation this year will be a smaller portion of the total than in the recent past.

Basic Data for Business Magazines Selected Years

	1985	1984	1983	1982	1980	1970
Number	3,486	3,212	3,039	2,846	2,364	2,376
Advertising in major magazines						
Pages (thousands per year)	1,811	1,775	1,705	1,741	1,480	1,093
Dollars (millions per year)	$3,021	$2,850	$2,470	$2,328	$1,495	$836
Circulation per issue (millions)	72.0	72.0	72.0	71.5	66.8	62.3

Source: James B. Kobak

Business Magazines Advertising Rate Index

	Unit Rates	Cost per Thousand	Consumer Price Index	Circulation Price Index Yearly Subscription*
1970	100	100	100	100
1977	137	128	156	188
1978	141	132	168	209
1979	149	140	187	241
1980	157	148	212	276
1981	166	158	234	319
1982	181	172	249	351
1983	195	186	258	386
1984	211	201	269	405
1985	228	218	279	425
1986 (est.)				438
1970-1977 Increase	37%	28%	56%	88%
1977-1986	66	70	84	133

Source: James B. Kobak *Many business magazines have controlled circulation.

Consumer Magazine Ad Scoreboard

	Ad Pages June 1986	% change from June 1985	Dollars spent (000)	% change from June 1985	Ad Pages July 1986	% change from July 1985	Dollars spent (000)	% change from July 1985
Skin care, Creams, Lotions and Oils	101.34	+.6	2,553.6	−13.1	68.53	+13.6	1,921.9	+1.2
Lip and Eye Beauty Products	39.51	−39.2	1,714.5	−18.6	26.65	−55.8	910,547	−55.9
Scents and Fragrances	75.32	+19.3	2,361.6	+23.1	41.76	+2.5	1,031.2	−8.3
Facial Makeup Products	62.64	+8.6	2,483.4	+11.7	10.00	−41.2	490,721	+10.7
Prepared dinners and entrees (including pizza)	16.81	−29.4	885.9	−35.5	29.52	+21.2	1,219.2	+11.3
Liquor	472.57	+8.7	19,452.8	+15.4	255.68	+8.7	10,265.0	+9.5
Cigarettes	608.09	−4.9	34,109.0	−.7	440.55	−45.0	23,828.6	−37.5
Soaps and Detergents	68.84	+55.7	4,341.9	+68.8	53.50	+26.6	3,356.9	+30.1
Passenger Cars, Domestic	421.04	+13.5	21,640.9	+51.1	244.37	+20.0	11,598.2	−27.7
Passenger Cars, Imported	409.94	+10.0	18,842.5	+29.1	242.10	−13.4	11,235.9	−4.0

Source: Publishers Information Bureau as prepared by Leading National Advertisers

THE LAST WORD

by Sharaf N. Rehman

PROBLEM PRODUCTS AND TV

In the last 15 years, the advertising industry has grown at a 13% annual rate and total advertising revenues in 1986 are expected to exceed $110 billion. Roughly 2% of our GNP will be poured into advertising. Of this sum, $23.2 billion will go to tv advertising. Why? Because viewers find tv ads more believable than any other form of advertising. As a result, tv commercials cover a spectrum of products and services ranging from air-travel and autos to Zen philosophy and zootsuits.

Still, audience research from a decade ago had indicated that some viewers found ads for products and services such as feminine hygiene products, Preparation-H, early pregnancy tests (EPT) and contraceptives as offensive and embarrassing. Ten years ago, this might have been the case. However, a majority of the viewers today claim to be more tolerant of commercials for these so-called controversial products.

A recent study at Ogilvy Center for R&D tested some 73 prime time commercials and concludes that people who enjoy a commercial are twice as likely to be convinced that the advertised brand is best. Research has also indicated that commercials don't have to be charming to be effective. For instance, "Ring around the collar" and "Don't squeeze the Charmin" are proven examples of successful campaigns that, while effective, are certainly not likable commercials.

My recent research (with a sample of nearly 400) on attitudes of tv viewers towards ads for supposedly controversial products indicates that young urban viewers are a lot more accepting than is commonly believed. The viewers were shown some of the controversial tv ads and asked if these commercials were "embarrassing," "offensive," "informative or "tactful." They were also asked if these commercials should be removed from television. The acceptance for these products and services is presented above.

TABLE I

Acceptance for TV Ads for "Controversial" products:	Total 372 %	Females 180 %	Males 192 %
Medication for insomnia	86	86	85
Medication for nervous tension	86	88	83
Early pregnancy tests	79	79	79
Female undergarments	79	77	81
Medication for constipation	77	79	75
Medication for hemorrhoids	77	79	75
Feminine hygiene products	65	61	68
Medication for urinary infection	57	66	49
Alcoholic beverages	54	50	57
Check-ups for VD	51	57	45
Contraceptives for men	45	36	54
Contraceptives for women	44	36	56

Source: Sharaf N. Rehman

Findings: Women found feminine hygiene products' ads to be offensive and embarrassing when viewed in mixed company. More women reported that it was all right to advertise medication for urinary infection and check-ups for VD than men. Men were more in the favor of advertising contraceptive devices for men and women.

Younger subjects (21 years or younger) condoned the ads for feminine hygiene products, female undergarments, alcohol, EPT and medication for hemorrhoids and nervous tension. Young viewers said that ads for feminine hygiene products were informative. In addition to the above list, the over-21 viewers also approved of ads for VD check-ups.

Ten out of 12 products studied in this survey were seen as acceptable for advertising on television. The only two products that obtained a less than 50% acceptance were contraceptives for men and women.

Two suggestions can be made from the data in this study. 1. Since many viewers are embarrassed or offended by some of the commercials when viewed in the mixed company, it is suggested that attention be paid to the positioning of the commercials. For instance, commercials for female undergarments and feminine hygiene products might be better accepted when placed among programs that have more female viewers. 2. Since the pregnancy rate among teen-agers and youths is on the rise, it is not surprising to find acceptance for the ad for EPT by 79% of the viewers. However, only a little over 45% are willing to accept ads for contraceptives for men or women. It is felt that there is a lack of awareness among the youths about the contraceptive devices and their availability.

Hence, there is room (and need) for developing marketing strategies for advertising contraceptives on tv.

Sharaf N. Rehman is the department head of radio and television at West Texas State University.